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FM AMEMBASSY NEW DELHI  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 1693  
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE  
RUEHBJ/AMEMBASSY BEIJING 6894  
RUEHMO/AMEMBASSY MOSCOW 2662  
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RUEIDN/DNI WASHINGTON DC  
RHHMUNA/CDR USPACOM HONOLULU HI  
RUCNDT/USMISSION USUN NEW YORK 6386  
RHMFISS/HQ USCENTCOM MACDILL AFB FL  
RUEHGV/USMISSION GENEVA 7719  
RHHMUNA/HQ USPACOM HONOLULU HI  
RHMFISS/HQ USSOCOM MACDILL AFB FL  
RUEKJCS/JOINT STAFF WASHDC

C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 001295

SIPDIS

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TAGS: [PGOV](#) [PHUM](#) [PREL](#) [PINR](#) [KDEM](#) [IN](#)

SUBJECT: THEATER IN THE ROUND: INDIAN BUDGET SESSION COMES  
TO A CLOSE

REF: A. NEW DELHI 692

[1](#)B. NEW DELHI 01094

[1](#)C. NEW DELHI 739

[1](#)D. MUMBAI 40

[1](#)E. NEW DELHI 795

[1](#)F. NEW DELHI 1210

[1](#)G. NEW DELHI 1277

Classified By: PolCouns Ted Osius for reasons 1.4 (B,D)

A Politically Charged Parliament Session  
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[1](#)1. (SBU) The Indian Parliament adjourned its Budget Session in the Lok Sabha on May 5 and in the Rajya Sabha on May 6, both ahead of the May 9 scheduled date. Increasingly criticized as ineffective and unproductive, the Lok Sabha worked for 77 percent of the scheduled hours and the Rajya Sabha worked for 81 percent of its scheduled hours. During the session which began on February 25, several hours were lost due to staged interruptions and walkouts. With various state elections and national elections around the corner, Members of Parliament used the floor as a campaign stage to attack and highlight the shortcomings of the current government. Below are highlights of the headlines that made the papers and will carry some impact on the upcoming national elections. All in all, the Congress Party took a number of hits, foreshadowing tough times ahead.

A Shout Out To All the Poor Farmers in the House  
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[1](#)2. (SBU) Finance Minister Chidabaram,s release of the nation's budget marked the beginning of a Parliament session filled with pre-election pandering to constituent groups. The budget presented was heavily populist in theme, offering debt relief to poor farmers, a large and coveted voting constituency across the country (ref A). Seeming to address the debt crisis which has been leading farmers to commit suicide, the budget proposed a USD 15 billion loan waiver program for an estimated 40 million small and medium farmers. Not to be sidelined, the opposition Bharatiya Janata Party (BJP) took the fight to the streets, holding rallies in Delhi and Maharashtra, where the farmer suicide problem is more acute. The BJP attacked the Congress Party for not doing

enough for farmers and picked apart the loan waiver program. Not to be outdone, the Congress Party too held rallies in Delhi and Maharashtra and promised that the program would have immediate impact and be implemented by June 30. Despite many questions about how effective the budget give-away to farmers will be, it was seen initially as a political success for the UPA government. In this budget the Congress Party appeared to be carrying the mantle for poor farmers and neither the BJP nor any other party was able to make a significant dent in that facade initially, but rising inflation and other Congress Party woes burst that bubble.

#### Inflation Hits UPA Hard

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13. (SBU) When Parliament reconvened after a short recess, all parties including the BJP, the Left, and the United National Progressive Alliance (UNPA) attacked the government for inadequately responding to high inflation rates (ref B). Not only did BJP, Left, and UNPA Parliamentarians storm the house floor, the Left joined with the UNPA to march through the streets of Delhi demanding the government do something about the persistent problem of rising prices. Meanwhile, the BJP formed a human chain around the Parliament building as a protest before marching into the house and disrupting the normal business for the day. Both the Rajya Sabha and Lok Sabha saw multiple days wasted as each body was forced to adjourn over the chaos. Members of Parliament staged to highlight the governments failing on this issue. Although some prices have moderated, inflation rates could spell doom

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for the electoral prospects of the ruling coalition.

#### Regional Issues Rock Parliament

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14. (SBU) In March, Parliament saw floor skirmishes and faced legislative standstills as Members of Parliament from Bihar and Uttar Pradesh demanded action against Maharashtra Navnirman Sena (MNS) leader Raj Thackeray for inciting violence against the north Indian migrant labor force in Maharashtra (Ref C & D). Not to be outdone, Shiv Sena leader Bal Thackeray (also the uncle of Raj Thackeray, though the two lead rival political parties) berated the MPS from the two states, both of which provide large numbers of the migrant labor force, charging that Biharis and Uttar Pradeshis are not wanted anywhere in India because they become a burden and antagonize the local population wherever they settle. Reluctant to offend Marathi voters, the Congress-National Congress Party ruling alliance in Maharashtra put off arresting Raj Thackeray for inciting the violence for as long as possible. The UPA government also shied away from getting directly involved in the issue, with Home Affairs Minister Shivraj Patil stating that the GOI asked the Congress Party-led Maharashtra government to take action. Bihar's Chief Minister demanded the UPA government intervene and warned that failure to do so would indicate the Party had become complicit in creating a hostile environment in Maharashtra. Sonia Gandhi and Prime Minister Singh responded to the violence in Maharashtra and the verbal tirades in Parliament with toothless statements on national unity, regardless of region or religion.

15. (SBU) Also in March, regional rifts between the Communist Party of India - Marxist (CPM) and the RSS/BJP found their way to Delhi (Ref E). The "goonda ghiri" or thuggish tactics of the CPM to prevent the RSS from expanding its presence in Kerala's Kannur district has led to the death of several members of the two parties. In reaction to the death of an RSS activist, party members from the BJP and RSS marched to CPM headquarters in Delhi and began throwing stones at the building and smashing car windows with sticks. MPs from the CPM and BJP verbally brawled with each other, shutting down Parliamentary business again for days. At first, the Congress Party sat on the sidelines and enjoyed watching its

two chief antagonists tear each other up. However, similar to what happened in Maharashtra, the inability of the central government to keep law and order in the nation became the focus. Both of these issues could come back to haunt the UPA government as demonstrative of a government unable to maintain national security and law and order in the country.

#### Flagrant Corruption Abounds

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¶6. (C) In April, Parliamentarians went to town over Minister for Shipping, Transport, and Highways T.R. Baalu's alleged abuse of power (Ref F). Baalu, a member of the Dravida Munetra Kazagham (DMK) -- a much needed ally to the Congress-led UPA government -- attempted to seek government favors for his family business through contacts with other Ministers, including the Prime Minister. BJP MPs demanded the Prime Minister provide a statement regarding his involvement in the scandal and walked out in protest against the blatant disregard for ethical conduct. Eventually Baalu himself and Minister for Petroleum and Natural Gas Murli Deora addressed Parliament. This scandal is bad news for the Congress-led UPA government and has personally touched the Prime Minister, eroding his upright and honest image. The Prime Minister's muted response, failure to punish Baalu, and his link, however tenuous, to a particularly crass Baalu play to use power blatantly for personal monetary profit has sullied the Prime Minister. The scandal appears to show that for the UPA, even blatant corruption is ok, if it means keeping the shaky coalition together. For both the UPA and DMK, this scandal provides more fodder for the Opposition to

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cut into the Congress and UPA government.

#### Somnath Backs Down

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¶7. (SBU) Tired of Parliamentary business being disrupted so frequently and himself being disregarded, on May 1, Lok Sabha Speaker Somnath Chatterjee (CPI-M) referred 32 cases of disorderly conduct against Members of Parliament (MPs) to the Committee of Privileges (ref G). In doing so, the Speaker seemed to be signaling that the time had come for him to take tough action to ensure that Parliament functions smoothly and in accordance with the rules. However, quite suddenly, immediately prior to adjourning Parliament on May 5, Chatterjee backed down and withdrew the 32 referrals made against the unruly MPs, who were all members of the opposition, not his party or of the ruling UPA government. BJP and NDA MPs had arrived at the House ready to protest by holding their finger to their lips to demonstrate that they being asked not to speak and remain silent. Chatterjee felt he had stepped on a landmine when he decided to take action on this select group of MPs, when in fact MPs from across the political spectrum take part in the ruckus that occurs frequently on the floor.

#### Wooing Women Voters

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¶8. (SBU) The Rajya Sabha adjourned one day after the Lok Sabha, on May 6, and only after the Women's Reservation Bill was introduced amid unruly protests by parties opposing the legislation. The legislation would provide for 33 percent of all state assembly and Parliament seats to be reserved for women (septel). As a token gesture to woo women voters the Congress Cabinet bargained with allies who are opponents to the bill to allow introduction to happen. The bill still faced intense opposition, as Congress Party MP H.R. Bhardwaj rose to introduce the bill, Samajwadi Party (SP) MP Abu Azim Azmi moved towards Bhardwaj in what appeared to be an effort to snatch the bill out of Bhardwaj's hands and tear it up, which has been done in the past. Anticipating this situation, Congress Party MPs had formed a cordon around Bhardwaj and situated various women MPs near SP and Rashtriya

Janata Dal (RJD) and Janata Dal (United) (JD(U)) MPS who are known opponents to the bill, to hold them back. In the melee, the bill was introduced and the House quickly adjourned thereafter. The Congress Party might find itself in a mess. While it has appeased women constituents with this move, its close allies such as the RJD, which have been longtime opponents of this legislation, are threatening to withdraw support from the coalition over this act.

Comment: Not the Greatest of Times for Congress

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19. (SBU) Though the Congress Party started out strong, it took a serious beating during this Budget Session on a variety of issues, ranging from inflation to party corruption. Further, its one shining moment during this session was the farm bill which is fading quickly from memory under the dim of inflation that is hitting families and farmers alike. If this Parliament session is any indication of what upcoming state and national election battles will look like, the Congress Party faces an uphill battle in the months to come. End Comment.

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